

ADMINISTRATIVE - INTERNAL USE ONLY

6 JAN 1981
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MEMORANDUM FOR: All ISB Personnel

FROM: C/ISB

SUBJECT: Audit Reporting Format

1. The following changes in the audit reporting format are to be implemented for all reports relating to audits conducted after 1 January 1981:

a. Section II, Contract Status and Description, will now become Section III. The first four sections will now become Section I - Introduction; Section II - Corporate Structure; Section III - Contract Status/Description; and, Section IV - Security Structure.

b. It will no longer be necessary to obtain from the contractor a specific list of all Agency contracts, nor will it be necessary to break down the contracts as to "Agency-funded or Non-Agency funded." As a result, the contract listing forms, which have heretofore been incorporated within this section of the report, will not be required. Specific objectives of the Contract Status/Description section will now be as follows:

1.) A narrative citing the general degree of Agency contractual involvement by the particular company, with a synopsis of the types of classified activities in which the contractor is involved on behalf of the Agency, will still be required. With respect to classification, the narrative should specify whether the company is handling SCI or collateral information.

2.) The specific dollar value should be provided, if available, for all Agency contracts, without regard to the method of funding - i.e., NRO or CIA. If this is not easily determinable, at least a percentage estimate should be obtained as to the ratio of Agency business to the overall contractor's income. In other words, our objective is to give the reader of the audit report an understanding of just how deeply we are involved with the particular company.

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3.) The length of time the contractor has been involved with the Agency, and specifically, the offices within the Agency with which the contractor deals - i.e., OD&E, Procurement Division, OTS, OSO, etc., will still be required.

4.) The report should identify the individual(s) responsible for maintaining and/or negotiating with the Agency for contractual matters on behalf of the contractor.

c. The assigned audit team members must still determine from available Headquarters data (OL/SS and OD&E) the specific Agency contracts at the company, in order that the auditors are thoroughly familiar with what to expect upon initiating the audit. As a result, the preaudit preparation will NOT be affected by this change.

2. We should constantly strive to improve upon the audit reporting procedures, and will soon be holding a meeting to discuss the overall report format, and to solicit your suggestions for additional changes or deletions. Please let me know if you have any questions concerning the above.



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